

Tax Increment Financing Affordable Housing Set Aside

2015 Policy Review

Portland Housing Bureau

June to September 2015

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Policy Overview

- 30% of Tax Increment Financing across all urban renewal areas (*less Airport Way and Willamette Industrial*), in the aggregate as of July 1 2006, shall be dedicated to the development, preservation and rehabilitation of housing affordable to households with incomes below 100% median family income

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Policy Overview

- TIF set aside financing must be utilized in accordance with the Policy Implementation Plan and Income Guidelines
- Policy is to be reviewed every 5 years to assess progress and recommend changes to implementation

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Policy Implementation Plan and Income Guidelines

- Policy applied to TIF debt proceeds using blended methodology
- Changes to established individual urban renewal targets shall be made through a joint recommendation by PHB and PDC to City Council through the annual budget process

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Responses to July 9 PHAC and Public Testimony

Comment #1 Feedback

Did the aggregation of the 30% set aside for affordable housing weaken the policy and would the retroactive application of a 30% target within each year over year be beneficial?

No, the current policy structure has yielded more funding overall (although differential funding between URAs) and greater flexibility to adapt to market conditions.

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Responses to July 9 PHAC and Public Testimony

Comment #1 Feedback

Current Structure

Retroactive 30%

	Cumulative Housing
Downtown Waterfront	<i>Percent of Set Aside Base</i>
South Park Blocks	<i>Percent of Set Aside Base</i>
Oregon Convention	<i>Percent of Set Aside Base</i>
Central Eastside	<i>Percent of Set Aside Base</i>
Lents	<i>Percent of Set Aside Base</i>
Interstate	<i>Percent of Set Aside Base</i>
Gateway	<i>Percent of Set Aside Base</i>
North Macadam	<i>Percent of Set Aside Base</i>
River District	<i>Percent of Set Aside Base</i>
Cumulative Housing Expenditures	
Total Percent of Set Aside Base	

TIF Set-Aside Policy: Years 1-5	TIF Set-Aside Policy: Years 6-10	TIF Set-Aside Policy: Years 11-15
FY 2010-11 Actual	FY 2015-16 Adopted	FY 2020-21 Forecast
17,314,207	19,031,552	19,286,117
22%	21%	21%
27,935,685	32,486,631	37,486,631
57%	53%	61%
7,123,407	20,749,293	20,749,293
24%	26%	26%
5,236,707	8,613,394	14,585,385
19%	20%	24%
14,267,541	25,535,365	51,555,935
34%	31%	32%
17,905,545	40,861,823	96,586,113
36%	35%	41%
2,296,477	10,209,132	13,933,942
21%	38%	28%
10,024,281	30,697,717	54,400,161
29%	42%	44%
35,027,449	87,388,361	101,440,118
39%	39%	32%
137,131,299	275,656,144	410,106,571
33%	34%	35%

TIF Set-Aside Policy: Years 1-5	TIF Set-Aside Policy: Years 6-10	TIF Set-Aside Policy: Years 11-15
FY 2010-11 Actual	FY 2015-16 Adopted	FY 2020-21 Forecast
23,989,732	27,420,701	27,420,701
30%	30%	30%
14,702,992	18,327,204	18,327,204
30%	30%	30%
8,904,259	23,569,388	23,569,388
30%	30%	30%
8,268,485	12,788,632	18,054,746
30%	30%	30%
12,589,007	24,902,539	48,294,610
30%	30%	30%
14,921,288	34,954,903	70,341,039
30%	30%	30%
3,280,681	8,141,181	14,992,922
30%	30%	30%
10,369,946	22,160,092	36,935,198
30%	30%	30%
26,944,191	67,263,013	95,505,829
30%	30%	30%
123,970,581	239,610,528	353,524,512
30%	30%	30%

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Responses to July 9 PHAC and Public Testimony

Comment #2 Feedback

Did the aggregation of the 30% set aside for affordable housing cause the City to ‘lose time’ in the context of developing affordable housing?

No, the current policy structure allowed for resources targets to change between URAs as affordability issues arose while not compromising the overall 30% resource floor.

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Responses to July 9 PHAC and Public Testimony

Comment #3 Feedback

The city should set residential development targets in URAs to match the income profile of the city as a whole.

This is a current aspirational goal for the City generally. Private market residential development is not within the scope of the TIF Affordable Housing Set Aside Policy.

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Comment #3 Feedback

Land use planning authority is not given to the Portland Housing Bureau or the Portland Development Commission. This authority is given in various forms through state law to the City Council, the Planning and Sustainability Commission, the Bureau of Planning and Sustainability, and the Bureau of Development Services.

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Comment #3 Feedback

Examine two recent proposals

- 1. Central City bonus and transfer update to prioritize affordable housing in additional density**
- 2. Outside of Central City mixed-use zoning project to prioritize affordable housing in additional density**

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Comment #3 Feedback

Potential TIF Affordable Housing Set Aside policy changes.

1. Modify income guidelines so that resource allocation target ranges are guided by the income profile of the city for households below 60% MFI

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Responses to July 9 PHAC and Public Testimony

Comment #3 Feedback

Hypothetical Example:

	Current Income Guidelines		Current City Income Profile (% of households)
Set-Aside Summary	Policy Min	Policy Max	
0-30% MFI	50%	70%	30-40%
31-60% MFI	20%	40%	30-40%
60-80/100% MFI	0%	20%	25-35%
Community Facilities	0%	10%	N/A

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Responses to July 9 PHAC and Public Testimony

Comment #4 Feedback

What proportion of the PHB budget is tax increment financing and what proportion of the city does this allow the Bureau to administer programming in?

In the last 5 years over 50% of the PHB direct program expenditures have been tax increment financing. These funds are available for use in 10% of the city.

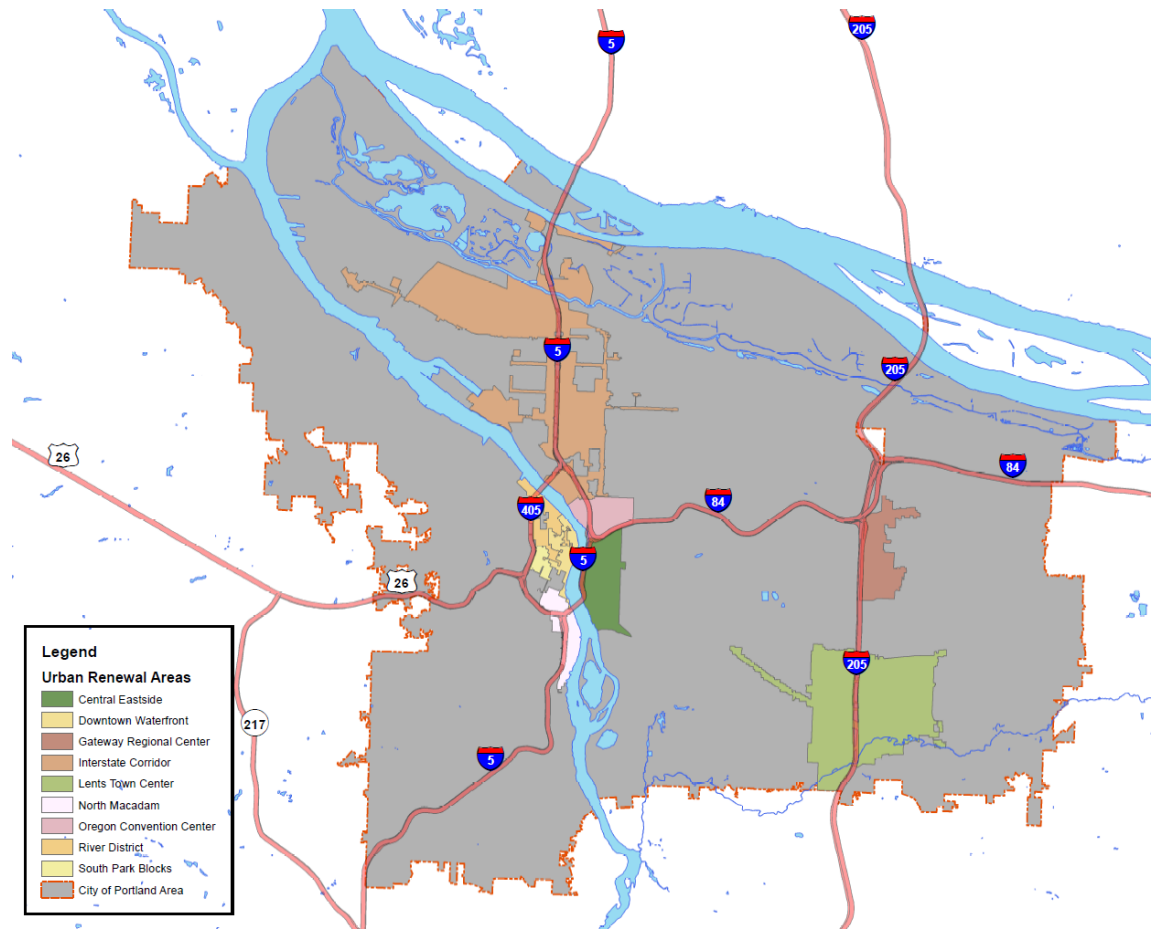
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Responses to July 9 PHAC and Public Testimony

Comment #4 Feedback

In the last 5 years over 50% of the PHB direct program expenditures has been tax increment financing. These funds are available for use in 10% of the city area.

(15 of 145 square miles of the city)



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Responses to July 9 PHAC and Public Testimony

Comment #5 Feedback

Can PHB annually report on the tax increment financing spent in each URA, the regulated affordable units produced, and the income limits on those units?

This information is currently published annually in the Bureau Affordable Housing Tax Increment Financing reports. This report will transfer to the annual State of Housing Report.

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Responses to July 9 PHAC and Public Testimony

Comment #5 Feedback

Current reporting form

URA	0-30% MFI	Units	31-60% MFI	Units	61-100% MFI	Units	Community Facility	Pre-Dev/Property Mgmt	Total
CES	\$0	0	\$0	0	\$0	0	\$0	\$0	\$0
DTWF	\$0	0	\$0	0	\$0	0	\$0	\$0	\$0
Education	\$0	0	\$0	0	\$0	0	\$0	\$50,928	\$50,928
Gateway	\$45,141	4	\$781,025	71	\$23,352	2	\$0	\$0	\$849,517
ICURA	\$584,642	72	\$619,811	57	\$606,680	57	\$0	\$40,698	\$1,851,830
Lents	\$176,617	54	\$374,016	36	\$345,319	21	\$0	\$0	\$895,952
NMAC	\$166,525	42	\$662,134	167	\$0	0	\$0	\$0	\$828,659
OCC	\$5,284	1	\$243,085	46	\$0	0	\$0	\$23,214	\$271,583
RD	\$17,092	2	\$667,963	130	\$0	0	\$0	\$21,491	\$706,546
SPB	\$1,955,000	305	\$0	0	\$0	0	\$0	\$25,554	\$1,980,554
	\$2,950,301	480	\$3,348,033	507	\$975,350	80	\$0	\$161,885	\$7,435,569

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Responses to July 9 PHAC and Public Testimony

Comment #6 Feedback

Can PHB annually report on the number of market rate rental units and affordable rental units in each URA?

This information is a part of the new State of Housing in Portland report that has been published in a phase 1 draft form and will be annually published each October in the future.

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Comment #6 Feedback

Lents Town Center

Housing Stock & Production	2000	2010	2011	2012	2013	2014
Housing Units: Total Units	9,805	11,461	11,461	11,505	11,540	11,589
Housing Units: Single-Family	5,918	6,573	6,594	6,617	6,643	6,686
Housing Units: Multifamily	3,887	4,888	4,888	4,888	4,897	4,903
Regulated Affordable Housing Units	743	-	904	-	-	-



Housing Market	Studio	1-BR	2-BR	3-BR
Multifamily Rental Unit Survey Sample	540	395	618	97
Median Monthly Rent	\$662	\$690	\$836	\$942
Rental Unit Vacancy Rate	2.1%	3.4%	5.0%	4.2%

Housing Affordability	Studio	1-BR	2-BR	3-BR
Ave. Portland Household	YES	YES	YES	YES
3-Person Extremely Low-Income	NO	NO	NO	NO
3-Person Low-Income	YES	YES	YES	YES
3-Person Moderate-Income	YES	YES	YES	YES
Married Couple with Family	YES	YES	YES	YES
White	YES	YES	YES	YES
Black	YES	YES	NO	NO
Latino	YES	YES	YES	NO
Native American	NO	NO	NO	NO
Asian	YES	YES	YES	YES
Senior	YES	YES	YES	NO
Single Mother	YES	YES	YES	NO
Foreign-Born	YES	YES	YES	YES

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Responses to July 9 PHAC and Public Testimony

Comment #7 Feedback

Can the city map out city owned land and prioritize the land being disposed of for affordable housing?

In July, City Council directed city government to move toward centralizing the inventory and disposition of land with a priority for affordable housing and other public benefit needs.

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Responses to July 9 PHAC and Public Testimony

Comment #8 Feedback

Can the language regarding the tax increment financing 30% affordable set aside for affordable housing as a floor be strengthened in the policy language?

Yes, the narrative can be revised to strengthen the language.

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Draft policy changes

Draft policy direction

1. Generally, maintain existing policy language
2. Strengthen and clarify reporting language and link reporting to the annual State of Housing in Portland report
3. Strengthen language regarding the 30% set aside as a funding floor

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Next steps today

PHAC Members and the Public

- What additional questions do you have on the existing policy?
- What additional feedback/direction do you have before the updated policy is finalized?
- What additional changes, if any, should PHB and PDC consider in the policy review?